

**PAROWAN CITY COUNCIL MEETING
MARCH 19, 2015
PAROWAN CITY LIBRARY – 16 S MAIN – 5:30 P.M.**

MEMBERS PRESENT: Troy Houston, Steve Weston, Ben Johnson, Donald G. Landes (Mayor), Shayne Scott (City Manager), Justin Wayment (City Attorney), Heather Shurtleff (Deputy Recorder)

MEMBERS ABSENT: Callie Bassett (City Recorder), Alan Adams, Steve Thayer

PUBIC PRESENT: Daren Lauritzen, Bryan Erickson, Kristen Robinson, Judy Schiers, Von Mellor, Clair Benson, Jared Burton, John Robertson

CALL TO ORDER: Mayor Donald Landes called the meeting to order at 5:30 p.m.

OPENING CEREMONIES: Ben Johnson gave the prayer in Steve Thayer's absence, and led the Council and audience in the Pledge of Allegiance.

DOES ANYONE HAVE ANY CONFLICTS OR PERSONAL INTEREST IN ANY MATTER ON THE AGENDA WHICH NEEDS TO BE DECLARED? No one declared any conflicts.

ACTION MEETING

IRON COUNTY REST HOME HARDSHIP AGREEMENT: The hardship agreement is run through Medicaid. Bryan Erickson explained the State of Utah is paying the nursing home approximately \$150 per day per resident. Costs to run the nursing home are approximately \$172 per day per resident, leaving a \$22 deficit per resident per day. Mr. Erickson stated, rounding all amounts, the State of Utah is willing, through the hardship fund, to pay the nursing home \$25 up and above the regular fee per day per resident; calculating these numbers with 5,800 patient days per year that would be approximately \$178,000 per year.

The hardship fund is only good for 12 months. Steve Weston asked if that means one year, one time only. Bryan Erickson said it can be renewed. The nursing home did a hardship agreement with Parowan City back in 2003-2004; after proving the need, the State can enter into this agreement again. After a two-day audit, the nursing home was approved for the hardship agreement again. Judy Schiers reminded Mr. Erickson that in 2003-2004 the City didn't fund the hardship agreement; it was done by private donation.

In order to receive this additional funding 30% of the money needs to be seeded by a private entity or a public entity not funded by Medicaid or federal dollars; this is

why the nursing home is coming to Parowan City Corporation for the seed money. The State would reassess quarterly, and seed money would need to be paid quarterly as well.

If the need for the hardship agreement went away it could be stopped at the end of that quarter. This is a short term funding agreement.

IRON COUNTY REST HOME UPPER LIMIT AGREEMENT: The Upper Payment Limit (UPL) is a Federal Government funding source. A non-state owned government entity (the entity) has to own the operations of the nursing home to qualify; then they can apply for the UPL. This is a long term funding agreement, with requalification, if applicable, in January, 2018.

The estimate based on last year's census shows the potential to qualify for an additional \$585,000 per year, which is approximately \$101 per day per resident.

Bryan Erickson went on to tell the council that to get those dollars the entity would get a bill quarterly from the State, according to the census and the residents' changing needs. The entity would then pay the State 30% of the quarterly allowance. The State would send the money for that quarter to the nursing home. The nursing home would then give the 30% plus an additional fee back on a payment schedule.

Justin Wayment arrived at 5:40 P.M.

In both cases, the long term and the short term, they both have to be seeded quarterly. The three other buildings that Bryan Erickson and his associates operate are set up to be seeded through January 2018; but they first had to be owned by a non-state owned government entity.

Justin Wayment asked Bryan Erickson what he means by "ownership". Mr. Erickson answered Parowan would have to own the license for the nursing home. Mr. Wayment asked, for clarification, that everything else would fall on the shoulders of the managing firm; Parowan would just need to own the license. Mr. Erickson answered yes, that is correct. Mr. Wayment asked, Parowan would just have to pay, say, \$30,000 per quarter and that would be paid back through a set sequence of payments. Mr. Erickson answered yes, but the \$30,000 is just an example, we don't know what the amount will be because it is reassessed quarterly.

Justin Wayment stated that doesn't make any sense to him, why Parowan would pay money in, and the State would pay more money back. It was explained to Mr. Wayment that it would be Parowan contributing 30% and the State contributing 70%, similar to how the City does a CIB loan.

Justin Wayment asked how long this agreement would last. Bryan Erickson answered it will go until January, 2018.

Justin Wayment asked how hard it is to transfer the license. Bryan Erickson answered he has been working with Barry Clarkson, legal counsel for the Iron County Nursing Home on this project. According to Mr. Clarkson, once the agreement is made they will need to apply for a change of ownership with the State of Utah and Medicare. It is a bunch of paperwork that the nursing home will do and it takes a few months. Mr. Wayment asked, for clarification, that we won't be doing this for 4 or 5 months, but at that point we would need the 30% to give to the State. Mr. Erickson answered, that is correct. Mr. Wayment wants to make sure he understands, because in speaking with Mr. Clarkson earlier there were some things that were unclear; Mr. Wayment described it as, "Playing chess with checkers".

Justin Wayment went on to state that Parowan City wouldn't want to be responsible in any way for any of the nursing home employees. Parowan City would just want to lease the nursing home the license to operate, provide the seed money and be reimbursed for that seed money.

Justin Wayment asked if Bryan Erickson has had counsel look at leasing this license and found that it is legal. Bryan Erickson answered Barry Clarkson has been looking into three other entities that have entered into this UPL fund that Mr. Erickson operates. In all three cases the county owns the license. Mr. Erickson went on to tell some specifics of those buildings.

Mr. Wayment wondered if Parowan does this, will the City ever be able to get to the point where we can put enough money into a separate seed money account to where no tax payer's dollars are being used for the seed money.

The City Council and Justin Wayment spoke back and forth, wondering whether using tax payer's dollars is legal. It was also asked if it is legal to set aside the money that is paid back to the City to then pay the seed money; is that using Medicaid money. Mr. Wayment, speaking totally logically, doesn't believe the City would get into trouble for doing that if Parowan City owned the license, but he can't say for certain.

Bryan Erickson said in this UPL agreement when the money is seeded by the City, the City would have a legal responsibility to declare that it came from non-federal sources, non-Medicaid dollars.

Justin Wayment asked Barry Clarkson if Parowan City can own a license like this. Mr. Clarkson wasn't sure if it is legal.

There was a short discussion about the Beaver Hospital and that one city councilman and the Beaver Mayor sit on the hospital board. The question arose if it is legal for a city to own a hospital, there was no definite answer. The discussion included talking about the fact that counties are given the authority to care for the homeless and

ill. If this agreement turns out to be illegal for a city to enter into, the nursing home will have to go to Iron County for the funding agreements. Bryan Erickson stated Iron County owns the operating license for Kolob. Iron County Nursing Home and Kolob Regional Care and Rehabilitation are competitors, which would be a conflict of interest for Iron County.

Mayor Landes asked again if entering into this agreement is legal for a city. Justin Wayment answered he will have to research this.

Steve Weston asked if this agreement turns out to be legal, is it a “perfect world” legal or kind of iffy. Mr. Weston also asked if we apply for the agreement is there a possibility of being turned down. Mr. Weston’s concluding question was, will this agreement save 44 jobs at the nursing home or will cutting costs include paring down the staff.

Bryan Erickson said he doesn’t know how long these programs will last; they have been in place since the 1980s. Rather than saying our residents have to go somewhere else to get care, this agreement allows communities to have the extra dollars to run the rest home here.

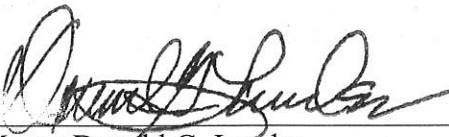
Justin Wayment talked about building certain aspects into the agreement contract, i.e. how the license will be handled at the end of the contract in January, 2018 and how the contract can be transferred.

Ben Johnson made a motion to table this item. Troy Houston seconded the motion. All members present voted in favor of the motion. The motion passed.

MEMBER REPORT: None

PUBLIC COMMENT & DISCUSSION – TWO MINUTE LIMIT EACH: None

ADJOURN: Councilman Troy Houston made a motion to adjourn. Councilman Ben Johnson seconded the motion. All members present voted in favor of adjournment. The meeting was adjourned at 6:05 p.m.



Mayor Donald G. Landes

Heather Shurtleff, Deputy Recorder